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the Top 100 Chains 143

Taco Bell President John L. Martin

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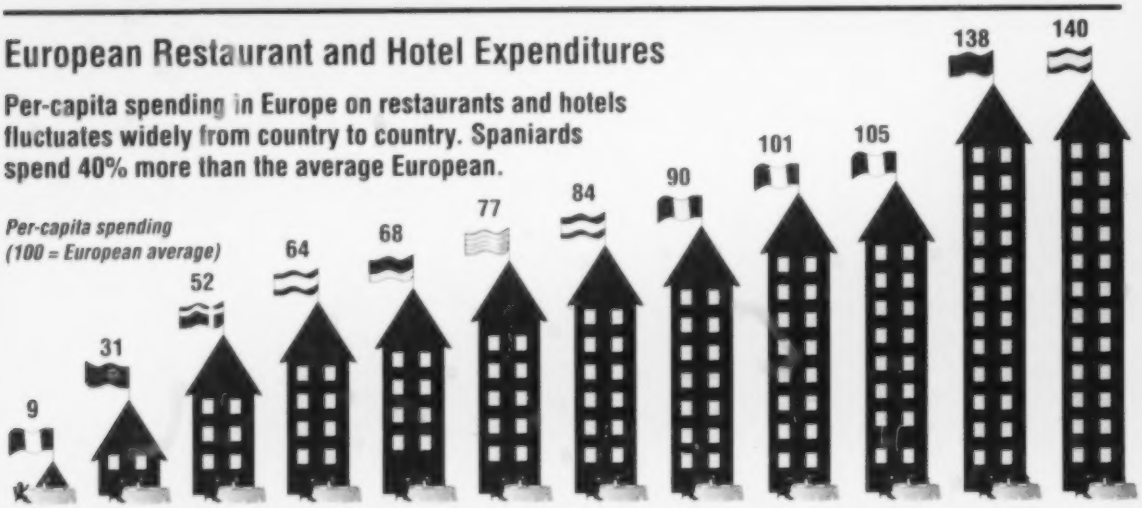
BUSINESS BAROMETER

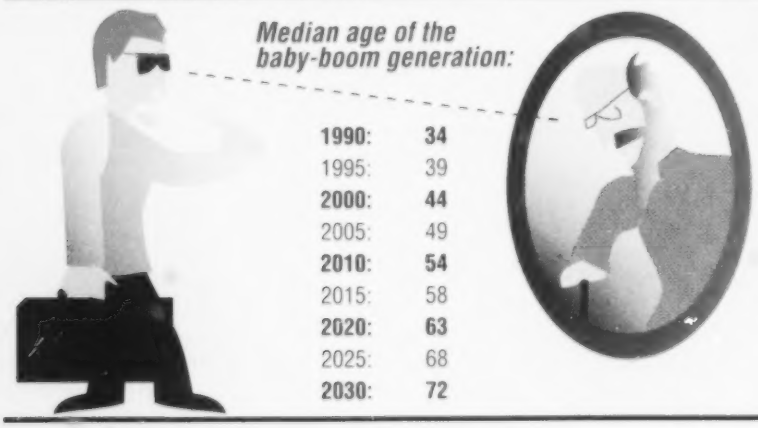
European Restaurant and Hotel Expenditures

Per-capita spending in Europe on restaurants and hotels fluctuates widely from country to country. Spaniards spend 40% more than the average European.



* prior to reunification

Source: National Institute of Statistics and Economic Studies, Paris, France



Median age of the baby-boom generation:

1990:	**34**
1995:	39
2000:	**44**
2005:	49
2010:	**54**
2015:	58
2020:	**63**
2025:	68
2030:	**72**

Baby Boomers Growing Old

Many foodservice marketers target the large number of baby boomers—born between 1946 and 1964. That target group is graying.

Source: Bureau of the Census, Current Population Reports

Families with Children

Above-average appeal for families with children (100 = index for all people)

Three out of four families include their children in meals ordered from a restaurant, either for on- or off-premise dining. Pizza is the most popular concept.

Quick-Service Concepts:

Carry-out pizza	166
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McDonald's	142
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Overall hamburger category	125

Weekend Night Out (all categories):

On-premise pizza	373
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Source: NPD/CREST, 1989

Charts by Peter K. Niceberg

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COVER STORY

TOP 100 RESTAURANT CHAINS. *RB* presents its third annual study of the leading U.S. chains. This report not only provides a revealing picture of our industry, but also offers exclusive statistical data prepared especially for *RB* by Technomic Inc. In addition, this year we are featuring an in-depth look at Taco Bell, one of the Top 100's fastest-growing companies. This fast-food Mexican chain has discovered the importance of price structuring in today's cost-conscious society. **143**

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INDEPENDENT STAR LAMBERT'S CAFE. This establishment in Sikeston, MO, is legendary for bombarding eager customers with fresh-baked rolls. The all-you-can-eat fare is served on mismatched tableware to over 500,000 customers a year. **110**

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INDUSTRY ISSUE INSURANCE. This second article in a three-part series takes a look at fire and business interruption insurance. **128**

REGIONAL CHAIN BEN & JERRY'S. These two Vermont entrepreneurs are more interested in international causes than potential profits. **132**

ACQUISITIONS RESTAURANT ASSOCIATES. What happens when a Japanese conglomerate buys an American restaurant concern? Industry watchers are paying close attention to Tokyo-based Kyotaru Company Ltd.'s purchase of New York City-based Restaurant Associates Corp. With a new name and under foreign ownership, Restaurant Associates (RA) plunges into the '90s with an aggressive vision of growth and development fully supported by its Japanese parent. **136**

MARKET SEGMENT REPORT CASUAL-THEME RESTAURANTS. Casual-theme restaurants are growing up. Just like the clientele they serve, these restaurants in their younger days were loud and noisy; liquor service was important. Today, they are more sophisticated with a greater emphasis on food. The family market has also come into the picture. **177**

MARKET SEGMENT REPORT

Cover photograph by Jim Cornfield.

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FOOD AND BEVERAGE

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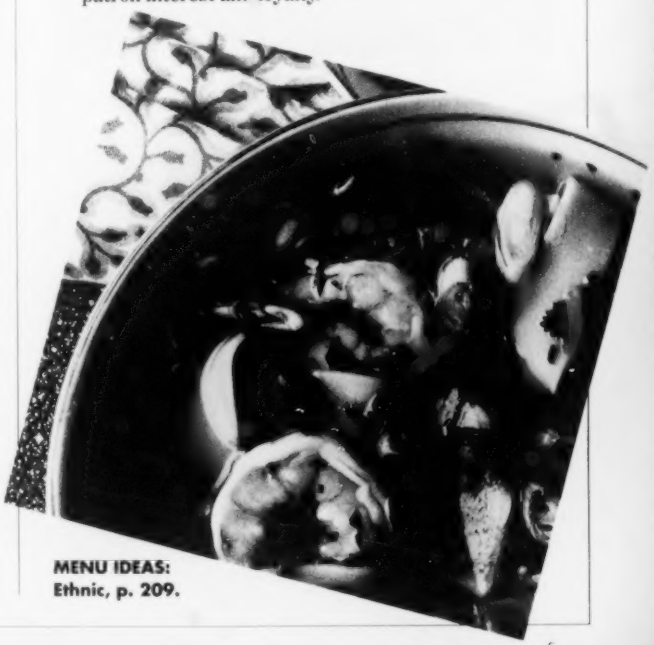
COVER STORY **PRESIDENTS FORECAST.**
As companies experience the fallout from ever-changing economic and political situations, they will have to find the tools to survive; strategic business plans will become more important than ever. The '90s will prove to be an era of cautious growth—a different track from the heady expansion years of the '80s. Instead of companies pumping money into new units, they will invest in existing restaurants. These were just a few of the conclusions from this year's Presidents Forecast, *RB*'s ninth annual, daylong, no-holds-barred discussion.

MARKET SEGMENT REPORT **SUB/SANDWICH.**
Due to growing interest in hand-held items and convenience—not to mention health perceptions—this segment is holding strong and showing positive growth gains. More creative fillings and bread varieties continue to be the outcome, as reflected in menus at all price points.

DRAFTS **SPIRITED COFFEE DRINKS.**
As the winter starts to unfold, operators can find pockets of profit in steaming mugs of hot coffee and favorite liqueurs. Promoting these special drinks and creating new concoctions also build patron interest and loyalty.



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the Top 100 Chains

Taco Bell president John L. Martin

Restaurant Business presents its third annual study of the leading restaurant chains in the U.S. This analysis not only provides a revealing picture of our industry, but also offers an exclusive report that includes a compilation of statistical data prepared especially for RB by Technomic Inc. In addition, this year we feature an in-depth look at Taco Bell, one of the Top 100's fastest-growing companies. This fast-food Mexican chain has discovered the importance of price structuring in today's cost-conscious society. continued on page 144

RB TOP 100

The Top 100 Restaurant Chains is a comprehensive report that includes 1989 sales and unit data, as well as 100 company profiles written by *RB* staff members. Systemwide data reflects domestic operations only, for the calendar year 1989. The percentages below represent the change in sales, units, and average unit volume from 1988 to 1989. McDonald's held the top spot in both sales and units, with $12,011,739,000 and 8,270 units. Burger King remained in second place, with $5,036,000,000 and 5,387 units. Pizza Hut edged out Kentucky Fried Chicken for third place, so KFC is now fourth, and Hardee's and Wendy's remained fifth and sixth, respectively. Chains are included or excluded based on 1989 U.S. systemwide sales. Houlihan's/Darryl's rejoins the Top 100 this year, while newcomers include: Coco's/Carrows; Applebee's Neighborhood Grill & Bar (*RB*'s 1990 number-one Top 50 growth chain); Rally's; and Red Robin. Meanwhile, Bojangles', Tastee Freez, Wag's, JB's Restaurants, and York Steak House (which has ceased to exist as a chain) didn't make the list this year.

U.S. SYSTEM SALES (000)	U.S. SYSTEM UNITS	AVG. UNIT VOLUME (000)	UNIT RANK	INSIDE INFO
1 McDONALD'S OAK BROOK, IL				
$12,011,739 5.5%	8,270 4.6%	$1,621 1.3%	1	To remedy flat store sales, Big Mac rolls out nonfat yogurt and shakes, apple bran muffins, and switches to all-vegetable frying oil. Pizza test expanded to 200 units. Testing '50s diner—the Golden Arch Cafe—in Hartsville, TN.
2 BURGER KING MIAMI, FL				
$5,036,000 1.9%	5,387 3.4%	$1,000 1.6%	3	Grand Met's turnaround efforts include hit BK Broiler sandwich and new Burger Buddies (mini cheeseburgers). Testing Domino's Pizzazz! pan pizza in four units. Kid's Club targets youth. Working on an under-$1 "value menu."
3 PIZZA HUT WICHITA, KS				
$3,300,000 17.9%	6,243 9.4%	$570 9.6%	2	Segment leader is converting 263 Winchell's Donut units in Southern California to delivery/carry-out stores, adding units in airports, hospitals, colleges with franchisee Marriott Corp. New Sausage Lover's pizzas features three kinds.
4 KENTUCKY FRIED CHICKEN LOUISVILLE, KY				
$3,000,000 3.4%	4,961 1.3%	$607 1.7%	5	New prexy Kyle Craig pushing product development: Hot Wings, Colonel's Chicken Sandwich, and 99¢ value sandwich. Plans home delivery. Repurchased 209 units from franchisee Collins Foods, increasing its control there to 32%.
5 HARDEE'S ROCKY MOUNT, NC				
$2,900,000 6.4%	3,291 5.8%	$923 0.3%	9	Purchase of 648 Roy Rogers stores from Marriott Corp. has helped increase systemwide sales by 25% through second quarter. Some 300 units have been outfitted to sell Roy's fried chicken, now 15% of sales.
6 WENDY'S DUBLIN, OH				
$2,760,000 2.6%	3,490 (0.9%)	$789 4.0%	8	Earnings and margins are up, couponing and operating costs down. Credit the 99¢ Super Value Menu, founder Dave Thomas' TV spots, and products such as Dave's Deluxe burger and grilled chicken sandwich.
7 DOMINO'S PIZZA ANN ARBOR, MI				
$2,500,000 8.7%	5,185 12.8%	$485 0.0%	4	Domino's new twists: 18 Pizzazz! full-service pan pizza units in operation, also in test in four Burger King units. Pizza now on meal plans in Marriott college accounts. Founder Tom Monaghan hasn't ruled out sale of chain.
8 TACO BELL IRVINE, CA				
$2,000,000 25.0%	3,082 7.1%	$686 16.5%	10	Taco Bell set a sizzling pace of growth with its successful discount "Value Strategy." Popular menu items were reduced to 49¢ or 59¢. Currently chain officials are fine-tuning breakfast for rollout in 1991.

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MARKET SHARE

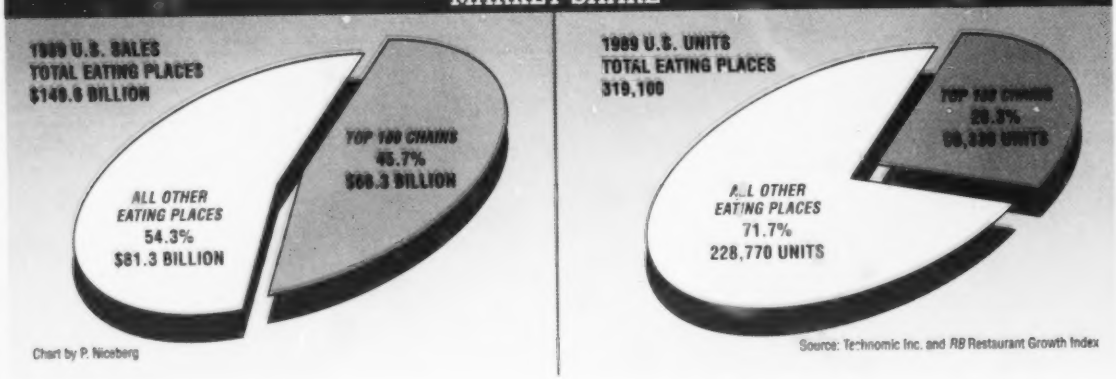

Chart by P. Niceberg

Source: Technomic Inc. and *RB* Restaurant Growth Index

U.S. SYSTEM SALES (000)	U.S. SYSTEM UNITS	AVG. UNIT VOLUME (000)	UNIT RANK	INSIDE INFO
9 DAIRY QUEEN MINNEAPOLIS, MN				
$1,965,000 3.4%	4,627 1.6%	$425 4.2%	6	Fiftieth anniversary year marked by new products: chicken sandwich with low-fat mayonnaise, and the Breeze, a frozen yogurt dessert with mix-ins. Yogurt now rolled systemwide. Expansion slated for Italy, Spain, and Portugal.
10 DENNY'S LA MIRADA, CA				
$1,300,000 2.5%	1,274 3.2%	$1,120 1.8%	17	Home Cookin' focus: meatloaf, hamburger steak, liver and bacon, chicken pot pie, and pot roast. Other thrusts are 10-minute lunch guarantee and store remodeling. 60 new units projected this year.
11 RED LOBSTER ORLANDO, FL				
$1,280,000 12.3%	447 4.0%	$2,900 7.4%	45	Using frequent promotions: Lobster Fest, seafood combo plates. Placemats inform that seafood is government inspected. Plans call for 25 openings in 1990, targeting California, Northwest, Northeast, and Florida.
12 ARBY'S ATLANTA, GA				
$1,250,000 12.9%	2,139 9.7%	$625 2.6%	13	New president Frank Belatti increased system sales 13%. Summer-long Double Feature promo featured double-decker roast beef sandwiches and meal combo deals. Expanding in Mexico, Australia, Japan, Taiwan, and Czechoslovakia.
13 LITTLE CAESAR FARMINGTON, MI				
$1,130,000 24.4%	2,632 23.9%	$467 0.4%	11	Rapid growth projects 3,300 units by year-end 1990. Joint venture test of Little Caesar units in eight K-mart stores leverages both chains' value images. Little Caesar encourages stores to be active in their communities.
14 BIG BOY WARREN, MI				
$1,030,000 3.6%	915 0.3%	$1,130 3.7%	21	Focus on down-home entrees: ribs, Salisbury steak, pork loin, plus light and healthy cod dinner and turkey sandwich. Testing in-store bakeries. Debuted new marketing program aimed at seniors.
15 SIZZLER LOS ANGELES, CA				
$850,163 8.3%	623 5.8%	$1,403 2.4%	29	Sizzler now Collins' main focus after sale of domestic KFC franchises to KFC Corp. Chain contributed 60% of revenue. Expanding beyond California into Northeast and Southeast. New Sizzler Buffet Court & Grill features food bar stations.
16 SHONEY'S NASHVILLE, TN				
$835,000 11.3%	680 0.9%	$1,453 6.8%	27	Projects 39-unit increase in fiscal 1990. New menu touts charbroiled shrimp, steak and shrimp, seafood platter, and club sandwich. Breakfast bar business remains one of strongest in industry.

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U.S. SYSTEMS SALES (000)	U.S. SYSTEMS UNITS	AVG. UNIT VOLUME (000)	UNIT RANK	INSIDE INFO
JACK IN THE BOX SAN DIEGO, CA				17
$833,945 7.5%	986 3.0%	$932 3.2%	20	Innovation continues with Bacon Bacon Cheeseburger and new sandwiches: Sirloin Cheesesteak, Grilled Chicken Fillet, and Ham Turkey Melt. Switched to 100% vegetable oil for frying. Opened 1,000th unit in spring '90.
PONDEROSA DAYTON, OH				18
$780,000 9.9%	720 5.0%	$1,110 4.7%	24	Metromedia is restoring concept's budget/value image. Traffic improving after several years of negative customer counts. Turnaround moves include price point reductions and downscaling of food bar.
LONG JOHN SILVER'S LOUISVILLE, KY				19
$779,371 2.3%	1,465 (0.3%)	$534 0.6%	16	Tests of baked cod, halibut, and salmon score 7% to 10% of sales. Homestyle Breaded Fish is new. Franchising is preferred expansion method in aftermath of Jerrico's LBO last year. Projects 25 openings in 1990 and 50 in 1991.
SUBWAY MILFORD, CT				20
$764,000 27.3%	3,928 37.4%	$250 12.1%	7	Acquisition of 14-unit Cajun Joe's Fried Chicken chain gives a second growth vehicle for franchisees. Subway's growth rate averaging 100 stores per month bodes well for goal of 5,000 by year-end and 8,000 in 1993.
DUNKIN' DONUTS RANDOLPH, MA				21
$715,000 8.7%	1,565 8.5%	$508 5.8%	14	Some Mister Donut units acquired by parent Allied-Lyons are being converted to Dunkin' Donuts. Donut merchandising is expanding (already in 2,500 c-stores) to kiosks in Marriott toll plaza and airport accounts plus other outlets.
ROY ROGERS WASHINGTON, DC				22
$640,000 1.6%	598 (1.8%)	$1,120 1.8%	32	The $365-million Roy Rogers acquisition from Marriott gives Hardee's an established fried chicken business and presence in Northeast. So far, 100 Roy's converted to Hardee's. Roy's average unit volume exceeds $1 million.
BONANZA DALLAS, TX				23
$615,000 7.8%	567 6.2%	$1,000 6.0%	33	Parent Metromedia is calming franchisees who objected to linkage with rival Ponderosa after 1989 acquisition. Adding new line of chicken entrees. Ready to launch new marketing program featuring an entertainment celebrity.
FRIENDLY WILBRAHAM, MA				24
$572,000 1.4%	823 (2.9%)	$695 4.5%	22	Donald Smith's improvement plan: store remodeling, frequent promotions, and new products such as premium light ice cream and new breakfast menu. Soft-serve frozen yogurt rolled out nearly chainwide.
CARL'S JR. ANAHEIM, CA				25
$550,161 14.5%	551 14.3%	$1,000 0.0%	34	Plans to build its strong regional presence in the Southwest and West, with 45 company store openings and 10 to 15 franchised. New licensing agreement targets nine Pacific Rim countries, opening 1991.
CHURCH'S SAN ANTONIO, TX				26
$536,000 (5.2%)	1,111 (13.3%)	$415 10.4%	18	Conversion of 400 Church's units to Popeyes proceeding more slowly than expected. AUV increased 10% to $415,000. Introduced Foot Long Chicken Sandwich this year.
POPEYES JEFFERSON, LA				27
$525,000 8.2%	739 3.4%	$710 (2.1%)	23	Debt service resulting from $450-million Church's acquisition remains a problem for president Al Copeland. But Popeyes' sales advanced 8%; AUV increased to $710,000, one of the highest in segment. Debuted roasted chicken this year.
BENNIGAN'S DALLAS, TX				28
$505,000 1.0%	222 4.7%	$2,275 (1.1%)	64	Health is major focus: touting skinless chicken, 98% fat-free ham, and 100% vegetable oil frying, plus new "veggie" dishes. Has strengthened price-value perception by holding price points.

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U.S. SYSTEM SALES (000)	U.S. SYSTEM UNITS	AVG. UNIT VOLUME (000)	UNIT RANK	INSIDE INFO
29 GOLDEN CORRAL RALEIGH, NC				
$500,000 9.6%	525 4.6%	$950 4.5%	36	The privately held family steak chain is seeing rises in customer counts and sales. Marketing focus is value-added menu promotions rather than straight discounting, e.g. 9-oz. N.Y. strip steak with salad bar for $7.99.
30 BASKIN-ROBBINS GLENDALE, CA				
$485,000 2.1%	2,354 (3.9%)	$205 5.1%	12	Focusing on products: "Low, Light, and Luscious," a 97% fat-free aspartame-sweetened frozen dessert, and B/R Light, a 93% fat-free, all-natural dessert. Boosting take-home sales with prepacked containers and more flavor selections.
31 TGI FRIDAY'S DALLAS, TX				
$432,500 12.9%	143 7.5%	$3,300 9.1%	83	Chain taken private by parent Carlson Cos. Celebrating 25th anniversary year with popular new Thai Chicken, Fajita Baguette, and Pie in the Sky. Joint venture expansion slated for Taiwan, Hong Kong, and China.
32 CHI-CHI'S LOUISVILLE, KY				
$430,492 6.9%	191 6.1%	$2,577 5.8%	73	Nation's largest midscale Mexican chain and largest seller of margaritas rolled out new spicier Tex-Mex menu. Opened 20 new units, including new prototype. Southeast expansion opens new markets: Richmond, Nashville, and Charlotte.
33 WESTERN SIZZLIN DALLAS, TX				
$425,000 (5.1%)	525 (9.3%)	$810 4.7%	37	AUV has grown since acquisition in 1988 by Triton and management group led by Michael Stack and Frank Carney. Primarily Southeast chain aspires to national presence with goal of 1,000 units by end of 1995. 75% franchised.
34 PERKINS MEMPHIS, TN				
$423,293 12.9%	371 8.8%	$1,339 8.9%	48	Projects Canada as a future growth market, where six stores are open. New pot pie item and pasta line selling well. Stepping up in-store bakery installations, currently in one-third of chain.
35 SONIC DRIVE-INS OKLAHOMA CITY, OK				
$390,195 14.4%	1,012 2.7%	$395 11.0%	19	Celebrated its 30th anniversary with Beach Burger '50s promo this summer. Three straight years of double-digit unit sales increases. Average unit volume has increased from $265,000 to $395,000 in past six years.
36 OLIVE GARDEN ORLANDO, FL				
$387,000 58.6%	170 36.0%	$2,600 4.0%	77	Olive Garden is defining the Italian dinnerhouse segment with an opening a week and an AUV of more than $2.6 million. Goal is 350 units and $1 billion sales in next five years. Summer specials: salads, fish, and lightly sauced pastas.
37 EL TORITO IRVINE, CA				
$379,000 (1.6%)	181 0.0%	$2,095 (1.4%)	75	"The Fiesta Restaurant" has switched to all-vegetable frying oil. New menu emphasizes Mexican-style seafood and rolls out Light Combo lunches. Periodic TV spots promote three-course Fiesta Combo, $7.95.
38 CAPTAIN D'S NASHVILLE, TN				
$375,000 8.0%	607 3.2%	660 4.8%	30	New on menu are shrimp scampi, cheese sticks, fried chicken sandwich, and chicken sandwich platter. At work on lighter items. AUV of $660,000 leads seafood QSRs. Reported record sales in 1989 and 38% increase in pretax earnings.
39 CHILI'S DALLAS, TX				
$369,116 23.9%	193 21.4%	$2,130 3.2%	70	Projects 20-24 new Chili's, 5-6 Regas Grills, and 3-4 Macaroni Grills. International expansion kicks off with Chili's deal in Mexico City, target opening 1991. Will reach $500 million sales milestone, too.
40 MORRISON'S MOBILE, AL				
$368,000 15.4%	175 4.2%	$1,870 4.5%	76	Morrison Inc.'s number-one income producer has couponed and promoted heavily to build traffic, but lower margins have resulted. Facing stiff competition for middle-aged clientele from casual-dining restaurants.

continued on page 156

U.S. SYSTEM SALES (000)	U.S. SYSTEM UNITS	AVG. UNIT VOLUME (000)	UNIT RANK	INSIDE INFO
41 IHOP NORTH HOLLYWOOD, CA				
$359,000 14.0%	480 9.8%	$748 12%	43	New Harvest Grain and Nut pancakes has met with excellent customer acceptance, increasing weekly sales volumes. Also, a "Fast Break Breakfast" introduced, guaranteeing 10-minute or less service time.
42 WHATABURGER CORPUS CHRISTI, TX				
$325,000 19.5%	490 16.1%	$800 2.6%	42	Chain still struggling to maintain profitablity after the oil collapse in Texas, where most of its units are located. Trying new menu items such as biscuits, and experimenting with credit cards.
43 RAX COLUMBUS, OH				
$319,135 (11.6%)	490 (5.8%)	$540 (5.2%)	41	Dropping unprofitable units and concentrating efforts in Midwest market where strongest. Repositioning being led by president and CEO Ira A. Hermann. New products: sandwiches, subs and carryout Express Salads; burgers dropped.
44 BOB EVANS COLUMBUS, OH				
$312,390 9.4%	232 5.0%	$1,460 4.3%	62	Restructuring calls for seven new operating groups reporting directly to the chairman and CEO, Daniel E. Evans. Intention is to reduce duplicated functions. Some 20 new stores are planned to open; new prototype will be included.
45 HOULIHAN'S/DARRYL'S KANSAS CITY, MO				
$305,816 5.4%	115 3.6%	$2,982 4.8%	91	A dozen new units a year for each concept are now planned. New menu items at Houlihan's offer complete dinners with choice of soup or salad and dessert. Lighter foods in the works.
46 TCBY LITTLE ROCK, AR				
$303,000 44.4%	1,537 32.5%	$232 3.6%	15	Following continued sales declines in 1990, franchisees and shareholders blame top management and demand changes. Franchisees introducing soups and sandwiches to menus to bolster same-store sales.
47 RYAN'S GREENVILLE, SC				
$295,312 26.2%	141 15.6%	$2,208 2.2%	84	Updating and remodeling units; all-you-can-eat Mega Bar contributing 50% of sales. Same-store sales weak, but new unit growth will continue at about a 14% rate. Some 19 new company units projected in 1991.
48 ROUND TABLE SAN FRANCISCO, CA				
$295,000 10.5%	540 2.9%	$545 7.3%	35	Chain plans to open 70 new domestic restaurants in the next two years, plus 10 abroad. Minority franchise ownership has increased significantly. Restaurants are being reduced in size and take-out and delivery is expanding.
49 COCO'S/CARROWS IRVINE, CA				
$294,000 5.0%	256 (0.8%)	$1,150 6.0%	56	Formerly part of the Grace Restaurant Group, now owned by the Restaurant Enterprises Group Inc. Concept repositioned with convenience and the health-conscious consumer in mind.
50 LUBY'S SAN ANTONIO, TX				
$292,000 10.6%	127 8.5%	$2,400 1.7%	88	Some 13 new cafeterias were opened during fiscal 1990; 14 more units expected to open this coming year, including second unit in new Tampa, FL, market. Take-out components in freestanding restaurants contribute to sales increases.
51 FURR'S/BISHOP'S LUBBOCK, TX				
$288,317 5.7%	155 (1.3%)	$1,860 %	82	Emphasis on in-store marketing: Mexican and other ethnic menu promotions, senior citizen specials, and take-home sales of baked goods and Furr's label ice cream and candy. Two full-service Furr's Pie Kitchen & Restaurant units in test.
52 GROUND ROUND SOUTH WEYMOUTH, MA				
$285,350* 9.3%	213 0.5%	$1,285 3.2%	67	New president/CEO Michael O'Donnell (recruited from TGI Friday's) is modernizing chain with lighter foods: pasta, chicken, seafood, salads. Positioning as hybrid family-casual concept for national expansion.

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U.S. SYSTEM SALES (000)	U.S. SYSTEM UNITS	AVG. UNIT VOLUME (000)	UNIT RANK	INSIDE INFO
53 WAFFLE HOUSE NORCROSS, GA				
$280,000*	685	$410	26	The focus for the 24-hour coffee shop chain is on company-store expansion, primarily in the South and West. Management training programs have been enhanced by new Waffle House University.
12.0%	2.7%	3.8%		
54 WHITE CASTLE COLUMBUS, OH				
$278,125	244	$1,166	59	The privately held, all company-owned chain grows at the rate of 15 new units per year. Recent marketing thrusts center on kids' meals and supermarket sales of frozen White Castle burgers. Testing new conveyor system.
(1.5%)	3.8%	(5.5%)		
55 PICCADILLY BATON ROUGE, LA				
$268,946	137	$2,090	85	Growth plans call for 10 new cafeterias and several new Ralph & Kacoo's seafood dinnerhouses per year, mainly in the deep South. Marketing focus on nutrition and take-out programs.
6.8%	8.7%	4.6%		
56 CHICK-FIL-A ATLANTA, GA				
$263,807	411	$661	47	1989 sales increased 13.6%, on pace for goal of $1 billion by year 2000. Expansion pace calls for 25 new mall and 12 freestanding units, and one Chick-fil-A Dwarf House.
13.6%	6.5%	6.3%		
57 QUINCY'S SPARTANBURG, SC				
$263,300	213	$1,250	68	The budget family steak house has been active in menu development: new are grilled chicken, fried catfish, and baked whitefish. Experimenting with a breakfast program and take-out sales of fresh-baked goods.
4.9%	0.9%	6.8%		
58 SHOWBIZ PIZZA/CHUCK E. CHEESE IRVING, TX				
$262,582	248	$1,070	58	Parent company Show Biz Pizza Time Inc. plans a gradual merger of its two entertainment-pizza concepts under the name Chuck E. Cheese. Primary advantages are a unified brand image and a combined, leveraged marketing budget.
6.9%	(2.0%)	9.0%		
59 PIZZA INN DALLAS, TX				
$260,000*	468	$500	44	The chain is emerging from bankruptcy under the leadership of new proxy-CEO Jeff Rogers, formerly of USACafes. Improvements in training, service, and cost control are boosting sales trends and cash flow.
(11.9%)	(29.7%)	4.2%		
60 MARIE CALLENDER ORANGE, CA				
$250,000	157	$1,625	81	"Homey Americana" is the image of this chain, which inhabits the upper niche of family restaurants with a check average in the $7.50 vicinity. Suburban areas of major Midwest markets are promising expansion territories.
6.4%	8.3%	0.0%		
61 VILLAGE INN DENVER, CO				
$234,600	234	$1,054	61	During Fiscal 1990, the company revamped its lunch and dinner menu. Total number of units, company-owned and franchised combined, decreased from 267 to 234; company showed a nice increase in total unit volume.
0.9%	(8.6%)	14.7%		
62 TONY ROMA'S DALLAS, TX				
$228,000	130	$2,100	87	Tony Roma's has targeted decor and in-house delivery as areas for change. Expansion plans call for 25 new units annually, mostly through franchising; target markets are Philadelphia, Atlanta, Chicago, Detroit, and Washington, DC.
14.0%	22.6%	10.5%		
63 CARVEL YONKERS, NY				
$225,000*	710	$350	25	Carvel was acquired by Investcorp in 1989. A new ad agency and a $6 million campaign will trumpet the company's new image. Carvel hopes to double in size by the end of 1991. Founder Tom Carvel died last month.
2.3%	(2.7%)	4.5%		
64 GODFATHER'S OMAHA, NE				
$225,000	504	$438	39	Godfather's continues to focus on operationally basics such as service and quality, but has successfully introduced products such as meatball and barbecued beef pizzas.
(2.6%)	(5.1%)	(0.5%)		

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U.S. SYSTEM SALES (000)	U.S. SYSTEM UNITS	AVG. UNIT VOLUME (000)	UNIT RANK	INSIDE INFO
65 BAKERS SQUARE DENVER, CO				
$216,800 14.5%	159 6.0%	$1,424 10.0%	79	New items such as seafood fettuccine, chicken Alfredo, and shrimp marinara are added regularly to the company's menu. Bakers Square saw a 10% increase in average unit volume between 1988 and 1989.
66 DEL TACO/NAUGLES COSTA MESA, CA				
$200,000* (4.8%)	350 (7.9%)	$605 4.3%	50	The company, which was sold by AWRII to four of its top executives, lowered prices on many of its best-selling products and added several 59¢ items, such as crisp and soft tacos and a green chili burrito.
67 SBARRO COMMACK, NY				
$196,600 27.3%	369 22.6%	$533 3.9%	49	Although the chain has traditionally been aimed at mall locations, it is now growing through nontraditional avenues via franchising agreements. 1990 also saw the company's first freestanding unit, in East Northport, NY.
68 STEAK & ALE DALLAS, TX				
$195,000* (2.5%)	159 (3.6%)	$1,300 (7.1%)	80	The company was acquired by Benale Holding Corp. in 1989. Steak & Ale suffered a 7.1% decrease in average unit volume between 1988 and 1989, due to declining customer counts.
69 STUART ANDERSON'S LOS ALTOS, CA				
$195,000* (0.7%)	84 0.0%	$2,300 (0.4%)	95	Menu expansion in the beef category: New entrees include filet mignon stuffed with blue cheese, mushrooms, and herbs and a top sirloin marinated in teryiaki sauce. The company has also added a wine list.
70 CRACKER BARREL LEBANON, TN				
$190,186 28.8%	79 17.9%	$2,612 11.6%	96	The company, which continues to tap into the public demand for home-style meals, added 15 new units in 1990, and 18 more are planned for 1991; same-store sales continue strong.
71 KRYSTAL NASHVILLE, TN				
$188,264 5.6%	232 (0.4%)	$813 6.6%	63	Krystal is sticking to its core business—hamburgers—adding new menu items cautiously and eschewing discounting. Breakfast sandwich, franchising Krystal Kwik double-drive-thru unit with a scaled-down menu going well.
72 GRANDY'S DALLAS, TX				
$181,174 (3.6%)	195 (3.0%)	$929 (0.6%)	69	The company has seen some slippage in per- unit sales, due in part to its move into sandwiches and breakfast, which, with lower price points, may have dampened sales figures. International expansion going strong.
73 BRAUM ICE CREAM OKLAHOMA CITY, OK				
$180,000* 12.5%	235 11.9%	$815 4.5%	60	The company added 25 new units last year and saw a nice 4.5% increase in average unit volume. Plans call for 15-unit expansion in 1990. Newer stores have sleek look with drive-thru service and seating for 80.
74 WYATT CAFETERIAS DALLAS, TX				
$176,257 0.6%	121 0.8%	$1,466 (0.4%)	89	Wyatt is now developing a drive-thru concept, which will incorporate an easy-to-change menu board so that units may alter selections daily. The company has been expanding by about 10 units annually.
75 COUNTRY KITCHEN MINNEAPOLIS, MN				
$175,400 4.8%	254 0.8%	$690 4.5%	57	In order to broaden its appeal, the company began menuing beer and wine in about half its units, and added liquor to the menu in some. Meat loaf also returned to the menu after several years' absence.
76 EL POLLO LOCO LA MIRADA, CA				
$175,000* 44.7%	192 28.9%	$1,010 1.0%	71	The chicken chain racked up the biggest percentage sales increase of any major chicken chain in 1989, largely due to its growth vehicle: a freestanding, 60-seat unit with a drive-thru window. New stores to open at a rate of 25-30 per year.

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U.S. SYSTEM SALES (000)	U.S. SYSTEM UNITS	AVG. UNIT VOLUME (000)	UNIT RANK	INSIDE INFO
77 RUBY TUESDAY MOBILE, AL				
$166,000 29.7%	98 22.5%	$1,700 6.3%	94	The company is quickly moving out of the regional category and into the Northeast and Midwest. New menu items include fajita chicken, barbecued ribs, and deep-dish apple walnut pie.
78 PO FOLKS NASHVILLE, TN				
$163,200 0.4%	136 (3.5%)	$1,200 4.3%	86	The company, which emerged from bankruptcy in April, 1989, enjoyed an increase in average unit volumes of 4.3% that year, as compared to 1988. The company is now testing drive-thru at several of its 135 units.
79 WESTERN STEER CLAREMONT, NC				
$160,204 (8.5%)	165 (10.[illegible]%)	$839 (4.2%)	78	The company changed its design away from the old, dark, budget steakhouse look to light-toned woods and a modern mauve interior. It also revamped its food buffet to include new lighter entrees and lower lunch prices.
80 A & W RESTAURANTS DEARBORN, MI				
$157,872 21.6%	602 26.5%	$263 (3.7%)	31	The company focused on filling out existing markets, and converted other restaurant locations to the A&W name, especially in food courts and shopping malls. New marketing efforts included root beer, multiple meal promotions.
81 BROWN DERBY CLEVELAND, OH				
$156,000* 0.6%	53 1.9%	$2,950 0.0%	100	The company plans to start an advertising campaign in print, radio, and TV. Expansion of the chain goes South- and Midwest; new units are planned for Phoenix, Pittsburgh, and Cleveland.
82 LEE'S FAMOUS RECIPE NASHVILLE, TN				
$156,000* 7.2%	282 (0.4%)	$601 7.1%	54	Company recently announced a major, five-year expansion campaign of aggressive franchising growth, planning to double the size of this Shoney's Inc. division by 1995.
83 MISTER DONUT MINNEAPOLIS, MN				
$155,000* 2.7%	504 (2.3%)	$306 4.8%	40	The big news this year for this number-two donut chain was its purchase by the largest donut chain, Dunkin' Donuts (owned by Allied-Lyons PLC of London), from Minneapolis-based parent International Multifoods Corp.
84 FUDDRUCKERS WAKEFIELD, MA				
$150,500 9.1%	114 (2.6%)	$1,320 12.0%	92	On the international front, this 117-unit upscale hamburger chain opened a store in Istanbul, Turkey, this year. Domestically, the company launched a "Kids Eat Free" promotion in late September. The promo was extended indefinitely.
85 APPLEBEE'S KANSAS CITY, MO				
$150,000 87.5%	115 71.6%	$1,650 (4.0%)	90	This casual-dining restaurant chain burst onto the scene by increasing its systemwide sales by 87.5% and growing from 54 units to 115 by year-end 1989 (see July 20, 1990 cover story, p. 101). In 1990, it has expanded to 150 units.
86 MRS. FIELDS PARK CITY, UT				
$145,000 9.0%	515 (6.4%)	$345 (4.0%)	38	With its Mrs. Fields cookie stores, La Petite Boulangerie bakeries, and Mrs. Fields bakeries, this company is expanding with licensing agreements. Ambrosia Chocolate and Mrs. Fields to sell semi-sweet chocolate chips in grocery stores.
87 SHAKEY'S SOUTH SAN FRANCISCO, CA				
$145,000* 0.0%	217 (6.1%)	$655 4.5%	66	This family pizza chain has dramatically changed its strategic plans under new president Gene Stone and Singapore-based parent Inno-Pacific Holdings. It will add 20 to 40 units over the next three to five years.
88 WINCHELL'S LA MIRADA, CA				
$143,000* (1.4%)	633 (5.7%)	$230 4.5%	28	Acquired by Vancouver, BC-based Shato Holdings Ltd. in December, 1989, this company is testing concept called Winchell's 'N' More that sells expanded line of baked goods. Expect expansion of this new concept and conversion of old units.

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U.S. SYSTEM SALES (000)	U.S. SYSTEM UNITS	AVG. UNIT VOLUME (000)	UNIT RANK	INSIDE INFO
89 MAZZIO'S TULSA, OK				
$138,000 3.8%	280 (0.7%)	$720 2.9%	55	Mazzio's Corp. operates four pizza chains: full-service Ken's Pizza Restaurants; Mazzio's Pizza, a self-service concept; Pizza Buy the Slice mall units; and Mazzio's Delivery service. New restaurants devoting more space to video games.
90 MR. GATTI'S KERRVILLE, TX				
$138,000* (3.5%)	300 (7.7%)	$495 4.2%	53	This 300-unit pizza restaurant chain will be celebrating its 25th anniversary in 1991. It began testing the Pan Perfect Pizza in some of its markets in early November. The stores are also being remodeled for a more modern look.
91 PAPA GINO'S DEDHAM, MA				
$137,400 4.1%	218 5.3%	$624 (4.0%)	65	The fast-food pizza player is fighting to maintain market share amid mounting national chain competition and the New England recession. Imperatives are to grow the delivery end of its business and develop a franchising program.
92 CHART HOUSE SOLANA BEACH, CA				
$133,000* 6.4%	60 3.4%	$2,345 2.9%	98	The company has opened seven Chart House dinnerhouses in the first nine months of 1990, exceeding projection of four to six for the year. It has revised growth projection for its Paradise Bakery concept from nine units to two.
93 RALLY'S LOUISVILLE, KY				
$132,620 79.1%	192 76.1%	$918 (4.9%)	72	Publicly owned Rally's is the fastest-growing double-drive-thru burger chain. It projects a year-end total of 275 units on its way to a national presence. Its low-investment units are one-quarter the size of other fast-feeders' units.
94 WIENERSCHNITZEL/HAMBURGER STAND NEWPORT BEACH, CA				
$130,862 0.7%	338 1.8%	$390 (1.5%)	51	Wienerschnitzel has rolled out a new all-beef, natural-casing Deli Dog and a grilled chicken sandwich. Hamburger Stand is experimenting with pizza, a value menu of items under $1, and Weldon's quick-service gourmet burger concept.
95 TACO JOHN'S CHEYENNE, WY				
$125,125 7.9%	446 4.7%	$288 5.9%	46	The privately held Mexican chain is moving across the upper Midwest at a pace of 30 to 50 new units per year. Blazing the trail are improvements in operations systems, advertising co-ops, and field marketing.
96 RED ROBIN IRVINE, CA				
$124,000 24.0%	58 23.4%	$3,200 0.0%	99	Menu innovations are energizing the Japanese-owned casual dinnerhouse chain. Hot new items are seafood pasta, Lotsa Pepperoni Pizza, albacore tuna croissant, Jamaican Chicken Burger, and a $3.99 Kids Meal Deal with puppet.
97 KETTLE HOUSTON, TX				
$122,000 (3.9%)	188 (6.5%)	$498 17.2%	74	A reworked menu, now featuring color photography, offers an expanded "snack foods" section and more seniors selections. Popular new items include a London broil sandwich, rainbow trout, and signature ice cream desserts.
98 BLIMPIE NEW YORK, NY				
$120,000 9.1%	330 10.0%	$317 5.7%	52	Publicly held Astor projects 150 more of the 1,500 sq.-ft., 50 seat sandwich shops in 1990, especially targeting the Southeast, Southwest, and New England. Recently, the chain has diversified its menu with low-calorie items and hot subs.
99 LYONS FOSTER CITY, CA				
$120,000* 9.1%	68 4.6%	$1,800 0.0%	97	The family restaurant chain reports good morale in the aftermath of its management-led leveraged buyout. Plans call for company store expansion of five to seven units per year and completion of systemwide remodeling program.
100 EL CHICO DALLAS, TX				
$117,215* 5.1%	104 (1.9%)	$1,095 0.0%	93	The midscale family-oriented chain plans to step up franchising in the Midwest and Southeast, introducing new markets to its Southwest-style Mexican food. Radio marketing stresses freshness and value.

*Technomic estimate

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MARKET SEGMENT REPORT

CASUAL THEME RESTAURANTS

Plaza II is one of Creative Restaurant Management's theme concepts.

Casual-theme restaurants are growing up. Just like the clientele they serve, these restaurants in their younger days were singles-oriented; and liquor service was important. Today, they are more sophisticated with a greater emphasis on food. And families have come into the picture.

"When I was 21, I loved those places. I could go out, have fun, try a lot of things from a large menu," notes one restaurateur. "But the food was always secondary to the atmosphere, and those large menus were hard to execute. Now, people are willing to pay slightly more for quality food, and some of the casual-theme restaurants are going to have to take a hard look at their menus and ingredients."

AGING WELL. Most of the major chains in the casual-dining segment have aged very well, although the competitive climate in the segment is as brutal as it is throughout the industry. One executive points out that General Mills Restaurant Group's rapid rollout of its Olive Garden concept has put pressure on the casual themers for sites and managers. But the largest casual-theme chains, those that originally defined the segment, are not currently expanding at a rapid pace. Dallas-based Bennigan's is reportedly closing units, while Dallas-based TGI Friday's, and Kansas City-based Gilbert/Robinson Inc.—which operates Houlihan's and Darryl's—are expanding cautiously.

The real competition is coming from regional and local chains that can react quickly to the public's changing tastes, as well as keep tight control on operations.

FOCUS ON FAMILIES. A persistent theme among restaurateurs in the casual-theme segment is the aging of the baby boomers and their new-found focus on their families.

"Families are a factor in casual-theme dining," says Judy Kelly, South Weymouth, MA-based Ground Round's vice president of marketing. "The me generation has turned into the us generation. We're much more nurturing." She points out that the 76 million babies born *between the years of 1946 and 1964 are becoming parents.*

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The segment is growing up with its customers.

By Jacque Kochak

MARKET SEGMENT REPORT

CASUAL THEME RESTAURANTS

These baby boomers are now faced with the financial burdens that go with owning a home and caring for a family, but they are also accustomed to a carefree prefamily lifestyle that allowed them to dine out frequently. In fact, according to the Bureau of Labor Statistics, 40% of their weekly food budget is allocated to restaurant food.

HEALTHY DINING. They're also coming face to face with the realization that youth is ephemeral. With that realization has come more emphasis on healthy dining.

"We're continuing to see the evolution from red meat to chicken, with less fat and sodium," says Fred Hipp, president of Gilbert/Robinson Inc.

Chicago's Lettuce Entertain You Enterprises (LEYE) has added "Heart Healthy" menu items, approved by the American Heart Association as being low in cholesterol, at each of its restaurants. "We tried something similar 12 years ago and it didn't go over well," says Jimmy Banakas, one of LEYE's managing partners. "But now they're selling terrifically. The climate has changed; baby boomers are aging, and they're more conscious of what is happening to their bodies."

As a result of this interest in staying healthy, liquor sales have again suffered a dramatic decline. "Alcohol is out," says Hipp. "I said before that declining liquor sales had bottomed out, but I was wrong. The decline over the last year has been incredible.

"I think that those operations known for their bar environment could be in big trouble," he adds. "The market share is shifting toward restaurant operators who can offer quality food."

STILL SUCCESSFUL. One of the big success stories of the '80s was Dallas-based Chili's, a company that proved that room still existed in the casual-theme dining segment for another player. The company grew rapidly in the 1980s to become one of the largest chains in the segment, with 163 company-operated Chili's and another 50 franchised or joint-venture units. The Dallas-based company also operates 10 Regas Grills and two Macaroni Grills.

Chili's average unit volume is $2.1 million annually, with 1989 systemwide sales reaching $369 million.

Units are open in 35 states, in an arc from California through the Southwest and up the East Coast. Twenty to 23 company-operated units are set to open each year for the foreseeable future. About 10 franchised units will open annually.

The concept remains the same. Chili's, with its casual atmosphere and eclectic, moderately priced menu, is located on the lower-priced end of the casual-theme dining segment. The restaurants attract families and a loyal clientele. Chili's offers fast service, with quick table turns.

A grilled Caribbean chicken salad

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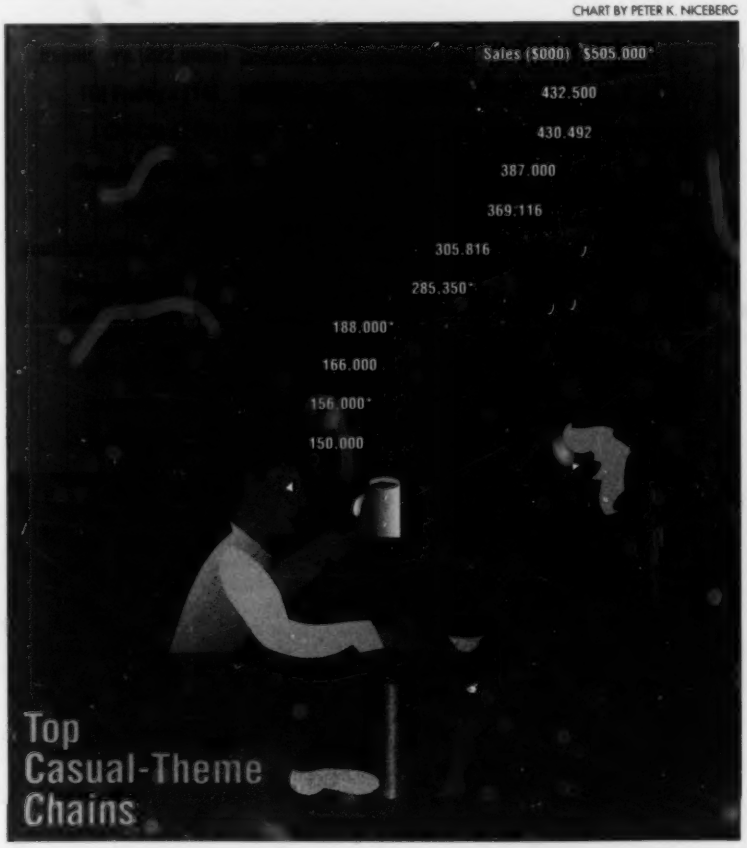
The new casual-theme chains are catering to families now.

CHART BY PETER K. NICEBERG



CASUAL THEME RESTAURANTS

and a grilled shrimp Caesar salad were recently added to a relatively stable menu. Also new is the Awesome Blossom, a large red onion that has been sliced so that it opens like a flower, then dipped in batter and fried.

"We're trying to hold the line on prices, and keep our reputation for a solid price/value relationship," says Jim Parrish, executive vice president and chief financial officer.

Regas Grill is Chili's attempt to move into the upper end of the segment. Featuring dark woods, carpeting, and a menu heavy with seafood, prime rib, and steak, the restaurants offer a $10 check average versus Chili's $7.50 average. Regas Grills draw more couples and fewer families.

"We're concentrating on the same customer, since we feel we know how to market to this group," says Parrish. "But Regas Grill is the next step up."

The two Macaroni Grills are located in Texas. With their concrete floors and white tablecloths, the restaurants project the comfortable ambience of an old Italian kitchen. The emphasis at Macaroni Grill is on high-quality food, says Parrish, with a check average of $13 to $14.

Five Regas Grills will open next year, he adds, but Macaroni Grill is still in the research and development stage. However, three to five will probably open next year, says Parrish.

Also proving that the casual-theme dining segment still offers promise is the growth of Kansas City, MO-based Applebee's. The restaurants feature a menu that is varied but not too broad, low price points, and a "neighborhood" atmosphere.

Applebee's management says that the concept is filling an unserved niche: a hybrid between a fast-food restaurant and a casual-dining restaurant, where a customer can spend $6.50 for dinner.

Because the Applebee's concept has been systematized into a relatively simple, streamlined form, the company is aggressively franchising. Therefore, Applebee's management is aspiring to open far more units than the typical casual-theme operator. President Abe Gustin projects that Applebee's is capable of growing to at least 850 units.

Actually, Applebee's has been around for a long time. Applebee's International Inc. began as a franchisee of the now-defunct Creative Food 'N Fun division of W.R. Grace & Co. The franchisee acquired the chain from Grace in March 1988, and since then has more than doubled the unit count and increased sales by 87.5%.

The casual-theme segment is still so attractive that Nashville-based Shoney's Inc., which operates Shoney's family restaurants, Captain D's seafood outlets, Lee's Famous Recipe Chicken, Fifth Quarter Restaurants, and Shoney's Inns, has recently entered the

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Fedora is just one of Creative Restaurant Management's concepts.

MARKET SEGMENT REPORT

CASUAL THEME RESTAURANTS

segment with Pargo's Restaurants. Pargo's has been described as almost a cartoon caricature of the popular fern bars. Large stuffed cartoon characters set the mood. The food is serious, however, although moderately priced.

A fairly extensive menu emphasizes fresh ingredients. Entrees range from barbecued baby back ribs, prime rib and shrimp, and mushroom fettuccine to a Ragin' Cajun burger and a Mile High corned beef sandwich. The most expensive items on the menu are prime rib, New York strip, and a ribeye at $10.95.

Eight Pargo's are now open, with one franchised unit slated for opening in 1990. The Pargo's concept is designed to appeal to families looking for a fun, relaxed dining atmosphere. It was created in the mid-1980s by franchisee Mitch Boyd, who sold the Pargo's concept to the corporation in 1986.

Over the years Ground Round has suffered an identity crisis, sometimes viewing itself as a casual-theme and sometimes as a family restaurant. In late 1989, Michael O'Donnell was named president and chief executive officer of South Weymouth, MA-based Ground Round. O'Donnell came from TGI Friday's, where he served as senior vice president of operations in charge of the southern division.

O'Donnell has been able to successfully meld Ground Round's two identities, and the company has recently launched an aggressive marketing campaign intended to directly target families, while emphasizing that Ground Round offers the kind of atmosphere and food to which adults have become accustomed.

In the past, advertising focused on discounted menu items. Now, an upbeat radio campaign features the typical American family, who convey the message that Ground Round is a place "Where Kids Can Relax And Grown-Ups Can Have Fun." The commercials are a take-off on '50s and '60s sit-coms, complete with canned laughter.

Liquor sales are no longer as important.

Ground Round, with more than 200 units nationwide, posted 1989 systemwide sales of $285 million. Company stores boast annual volumes of $1.4 million, while franchised units top that at $1.63 million annually.

Ground Round was acquired in 1989 by publicly traded GR Foods Inc., formerly International Proteins Corp. The diversified food and agriproducts company is based in Woodbridge, NJ. Following the acquisition, Ground Round has accelerated expansion. The company is projecting the addition of 100 units over the next five years, opening both company-owned and franchised restaurants in existing markets before penetrating new markets.

Ground Round restaurants offer kids much to do. Cartoons play on a large screen in the dining room, popcorn is served to every table, and video games crowd one wall. Bingo the Clown makes periodic visits, and on Thursdays kids pay what they weigh, during Ground Round's Penny-A-Pound promotion.

Yet the menu is broad enough to appeal to adults, as well. In addition to its traditional offerings, such as hamburgers and baby back ribs, Ground Round also offers salads, seafood, grilled entrees, and a wide variety of appetizers. New additions include Mexican pizza, Cajun popcorn shrimp, chicken nachos, and a number of new salads. New entrees include baked stuffed sole, shrimp scampi, and a fillet of cod sandwich. The new menu, rolled out in mid-May, also reduced the price of Ground Round's signature hamburger from $4.39 to $3.85.

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Chili's new Awesome Blossom is a large onion that has been sliced like a flower, dipped in batter, and deep fried.

MARKET SEGMENT REPORT

CASUAL THEME

RESTAURANTS

THE CLASSICS. One of the originators of the casual-theme dining category is Dallas-based Bennigan's, which recently went through a management buyout following Grand Metropolitan's acquisition of parent company Pillsbury. The company operates some 200 units, although some units are reportedly being closed. Systemwide sales are $505 million.

Dallas-based TGI Friday's has been taken private by parent Carlson Companies in Minneapolis.

One of the pioneers in the segment, the chain is celebrating its 25th anniversary year. Menu additions include the popular new Thai Chicken, Fajita Baguette, and Pie in the Sky. A joint venture expansion is slated for Taiwan, Hong Kong, and China.

Gilbert/Robinson Inc., with 110 Houlihan's and Darryl's nationwide, has long been considered a trendsetter in the casual-theme segment. Expansion is cautious following G/R's purchase by a group of investors from Restaurant Enterprises Group in early 1989, with 10 units a year projected. The company's systemwide sales reached $306 million in 1989.

Neither concept has changed recently, reports president Fred Hipp, although a modified prototype of Houlihan's is being developed. According to Hipp, the prototype updates Houlihan's with a less eclectic decor. While still casual, the atmosphere is more refined.

Houlihan's was the prototype "meet market" of the '70s and '80s, and nothing could be more indicative of the changing face of casual-theme dining than the fact that the restaurants now offer crayons, placemats, animal crackers, and balloons for young customers.

"The casual-dining segment as a whole has less of a bar image than 10 years ago," says Hipp. "As we lose our bar image, we become more acceptable to families, so we try to make it easy for parents to bring their kids without being embarrassed."

Kansas City, MO-based Creative Restaurant Management (CRM) was created in 1988 when 16 one-of-a-kind or nearly one-of-a-kind restaurants were spun off from Gilbert/Robinson Inc., which retained its core Houlihan's and Darryl's.

The restaurants, which now number 21, include five Annie's Santa Fes, three Fedoras, three Fred P. Ott's, and a number of individual restaurants, from Lilly's & Crickets in Boston to Hogate's in Washington, DC.

Ken Hill, formerly president of Gilbert/Robinson Inc. before leaving to develop the T.J. Cinnamons bakery chain, recently was requested by Creative Restaurant Management's board of directors to come on as president and chief executive officer. "CRM was bought through an LBO, and—typical of many LBOs recently—projected numbers weren't reached," says Hill. "The company ran into problems with

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Figlio offers high-quality food at reasonable price/value.

the details of the LBO itself, not with the restaurants themselves."

As a result, expansion is on hold at present, although one Annie's Santa Fe will open in Kansas this year. "We're working on fine-tuning existing properties, making sure they are at optimum levels," says Hill.

Among successful regional chains is Atlanta-based Houston's, with some 20 units scattered through several states. Houston's continues to attract praise for its operations. The first Houston's opened in the late 1970s, with George Biel as president. Decor is conservative, with rich, dark woods, and the prices are at the upper end of the segment.

Houston's reportedly posts the highest unit sales of any of the segment's large chains (estimated at $4 million annually), and the company's success is so noticeable that Chili's CFO Parrish uses Houston's as a basis of comparison in describing that company's new concept, Regas Grill.

Chicago's Lettuce Entertain You Enterprises has long been viewed as a trendsetter in the casual-theme dining segment. Its 30 restaurants exemplify the elements that define casual-theme dining: lots of fun communicated through interesting and unusual decor and atmosphere, combined with interesting menus.

LEYE's concepts range from Bub City Crabshack and Bar-B-Q to Hat Dance, where Japanese-Mexican cuisine is served in an all-white post-Mayan setting. In between are trendy Italian restaurants such as Tucci Benucch and Tucci Milan, a French bistro called Un Grand Cafe, and Ed Debevic's diners.

LEYE's The Eccentric is an American brasserie serving cuisine influenced by Italy, France, and England with such specialties as grilled salmon, Pepper Steak à la Fritzel, Pummeled and Thwapped chicken, bow-tie pasta and banana-chocolate brulée. The Eccentric offers four separate dining areas, including the English Club, French and Italian cafes, and the American bar, showcasing works by over 100 Chicago artists.

In the New York City area, Restaurant Associates continues to be a major factor in casual-theme dining. (See related story in this issue on page 143.) At this point, RA's main vehicle for expansion is Panevino, an Italian restaurant. One unit is open in Livingston, NJ, with another expected to open in Eatontown, NJ, in December. Twelve to 15 units will open over the next three to four years, says John Harding, vice president and director of marketing and advertising.

The restaurant's menu offers a thin-crust pizza section, a carpaccio section, appetizers, specialty main courses, freshly made pastas, and desserts. Individual pizzas are baked in a wood-fired brick oven.

The restaurant is designed to be reminiscent of a Tuscan farmhouse, with terra-cotta floor tiles, colorful ceramics, and sturdy Mediterranean chairs typical of roadside trattorias and fishermen's cantinas all over Italy.

In terms of price, the segment is well-placed.

Restaurant Associates is also opening a new restaurant in Manhattan's Pan Am building, near the company's 25-year-old Trattoria. The restaurant's working name is Aqua Farina, and the emphasis will be on take-out and casual dining. The menu will include focaccia bread sandwiches, pasta salads, baked goods, and specialty coffees.

In Phoenix, the Big 4 restaurant group continues to enjoy a reputation for creativity in the casual-theme din-

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Ground Round recently rolled out a new menu.

MARKET SEGMENT REPORT

CASUAL THEME RESTAURANTS

ing segment. While some operators have been moving away from the use of themes, two of Big 4's newest restaurants show that themes can still contribute a great deal to a restaurant's fun atmosphere.

Cafe 66, located in a multiuse development in Phoenix's financial district, was inspired by the traditional roadside diner, but goes one step further. Instead of mimicking the interior of a real '50s diner, Cafe 66's atmosphere gives the feeling of zipping along Route 66 in Arizona. Walls are painted caution-sign yellow, furniture is bright red, and stop signs hold menu boards. The floor is black concrete, to simulate asphalt. The Arizona Department of Highways even obliged by painting road markings on the floor.

A huge mural on one wall depicts scenery along the highway and suspended signage gives highway directions. Recalling the many trading posts along Route 66, columns are wrapped in Indian rug motifs, and the serving counter front is covered in a black and white pony skin laminate.

The second restaurant, Aldo Baldo, makes use of a fictional inventor, and the 5,000-sq.-ft. restaurant is his workshop. His failed experiments—weird, broken machines composed of spare parts—are located throughout the restaurant. The open kitchen is an unusual combination of geometric shapes, and a raised dining area is trapezoidal in shape. A vault overhead contains floating spheres.

A Vespa motorcycle is parked by the front door, as though Aldo has just arrived. The menu advises customers that many inventions of note should really be credited to Aldo; for example, Ford didn't really invent the auto, and the Wright Brothers didn't invent the airplane. The hostess and servers wear custom jewelry made from pieces of Vespa brake cable and small kitchen equipment.

Neal Norman of Phoenix's Cornoyer-Hedrick, architects and designers for Cafe 66, notes that because of high costs, many restaurant companies seek designs that cut down on cooking space by sharing facilities. Cafe 66's kitchen is very small, because some cooking is done in the kitchen of another new Big 4 restaurant, Arizona Terrace. Arizona Terrace, with a country club atmosphere, is located in the same development.

Savories is one of Restaurant Associates' theme restaurants.

Theme concepts still need to incorporate a healthy dose of fun.

A new chain attracting attention is Nashville-based O'Charley's, which operates 24 units. Six more are slated to open in the near future. The company's 1989 systemwide sales reached $36 million.

O'Charley's is the creation of Dave Wachtel, former president and chief executive officer of Shoney's Inc. The restaurants have a fairly limited menu, which changes with the season. Emphasis is on serving good food at reasonable prices, with good service. Decor in newer units is more upscale, featuring historic artifacts.

THE GRADUATES. A whole generation of foodservice entrepreneurs graduated from Houlihan's, Bennigan's and Friday's, and they have come to a stage in their careers when they have opened their own restaurants.

These young operators have retained the casual ambience and the high energy so typical of casual-theme restaurants, but they have added their own signatures.

Typical of these second generation casual-theme restaurants are Paradise Diner, City Seen, and Coyote Grill in Kansas City, MO, all owned by Bill Crooks and Paul Khourey. Crooks and

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Khourey worked many years for Gilbert/Robinson Inc.

"Our restaurants offer the same energy and the same prices as the casual-theme dining chains, but we put more emphasis on food," says Crooks. "We're really food driven." The restaurants feature open kitchens to focus attention on the food and use all fresh ingredients. Food costs probably run higher, Crooks notes, but overhead is lower. "We don't have that corporate lug," he notes.

"We do a lot of research," says Crooks. "We take our chefs to Dallas, Los Angeles, and San Francisco to see what's going on."

Their first restaurant, Paradise Diner, is located in a prosperous Kansas City suburb. Seating about 75 people in about 2,200 sq. ft. of space, the restaurant opened in 1987 and posts sales of about $1.5 million yearly, says Crooks. Located in a large shopping mall, it is laid out like a diner but doesn't serve diner food. The place is oriented toward families, offering a children's menu.

The second restaurant, Coyote Grill, is also in the suburbs and takes the American Southwest as its inspiration. With 119 seats, the restaurant will do $2.5 million in sales this year, says Crooks.

Appetizers include barbecued shrimp enchilada. Entrees include Gulf shrimp marinated in an ancho chile puree, grilled and served with jalapeño cilantro. Also available are salads and sandwiches such as a smoked chicken club with chili mayonnaise on focaccia bread. A taco section offers six soft tacos with fillings ranging from shrimp to fresh sautéed vegetables and sun-dried tomatoes.

The pair's newest restaurant is City Seen, located in downtown Kansas City near the Convention Center. Just opened last December, the restaurant is located in an office complex, but has its own outside signage and entrance.

The restaurant is clublike in atmosphere, with lots of wood and walls covered with canvas painted by a local artist. The back bar is tile mosaic. City Seen seats 155.

Chains are now expanding cautiously.

The menu is eclectic, with appetizers ranging from Vietnamese spring rolls to seared rare beef tenderloin with Thai chili paste mayonnaise. A half dozen salads are available, in both full and half sizes. A typical salad is grilled marinated flank steak with sautéed shiitake mushrooms on a bed of greens with fermented black bean vinaigrette. Sandwiches range from a hamburger topped with smoked gouda cheese to a BLT on focaccia bread. Entrees range from rack of lamb with a roasted hazelnut fig demiglaze to angel hair pasta with saffron sauce and scallops.

A new restaurant will open in December on Kansas City's posh Country Club Plaza. Unnamed as yet, the restaurant will be "almost Mediterranean" in feel, says Crooks, and will offer food served on platters for the whole group to share.

THE FUTURE. Despite the fact that most players are doing well, observers agree that the casual-theme dining segment is harder to enter today.

"Locations are hard to come by and the costs of building are high," says CRM's Ken Hill." The opportunities are not as great as in the early '80s by a long shot."

And the country's uncertain economic climate is affecting restaurant patrons' spending habits, as well. "Gasoline is expensive, and the customer draws out of the same envelope to go to a restaurant as to buy gas," says Gilbert/Robinson's Fred Hipp. "He'll go where he's sure he'll have a good experience. Unprofessional operators will be culled out." **RB**

This Panevino in Livingston, NJ, is a prototype for a new chain.